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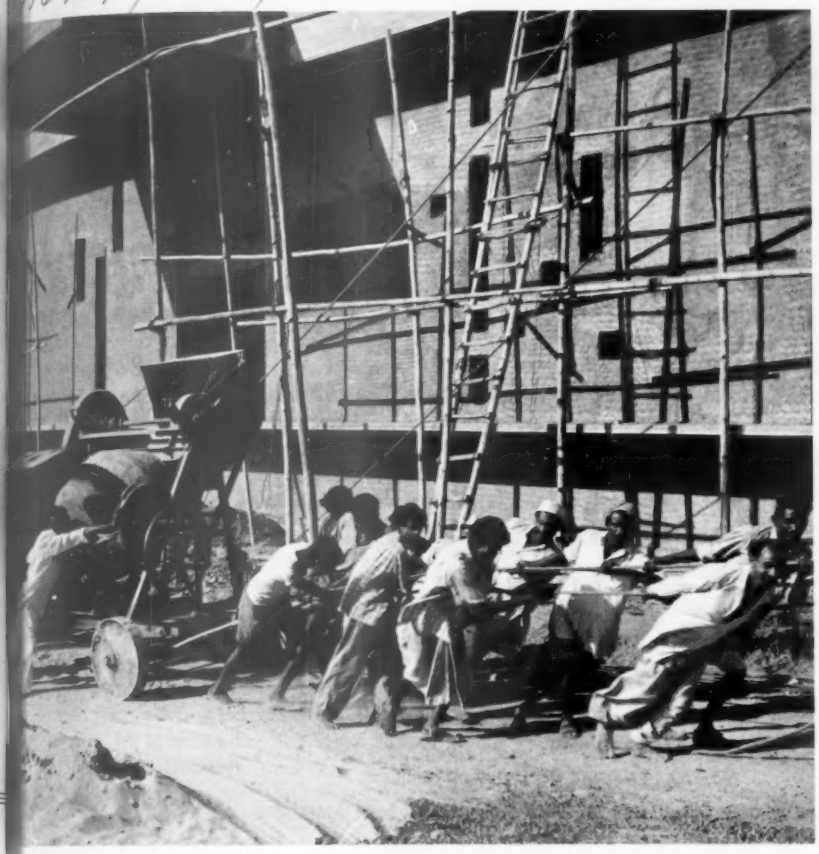

MAY 3, 1965

NEW SOVIET FARM PROGRAM STRIKES AT LOW OUTPUT

OUR AGRICULTURAL EXPORTS: THE LONG VIEW

THE WORLD FOOD PROGRAM

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Including FOREIGN CROPS AND MARKETS

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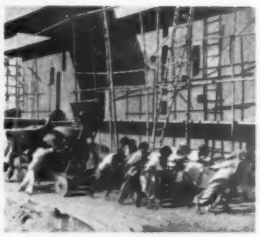

Indian workers haul cement mixer into position for building new cattle-feed plant in Anand, which will obtain sorghum and corn for mixing through the World Food Program. (See article on page 7.)

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New Soviet Farm Program Strikes at Country's Low Output

By big capital investments and higher prices to producers, Soviet leaders hope to break the near-stagnation that has marked agriculture since 1958.

By G. STANLEY BROWN
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A new Soviet farm program, which sets the guidelines for agriculture during the forthcoming 5-year plan, 1966-70, was outlined by Communist Party Chief Brezhnev at the Party Central Committee meeting held in Moscow, at the end of March. More details were subsequently released by the Party Central Committee and the Council of Ministers in a series of decrees which give the program the force of law. Central to the program is the objective of boosting the output of grain and livestock products. Incentive measures—chiefly higher prices to producers—and massive capital investments are to be the means to the end.

The farm program is the first major program announced for any sector of the Soviet economy since Brezhnev and Kosygin succeeded Khrushchev in October 1964 and, as such, may be a bellwether for other sectors of the economy. It is not, however, their first attempt to set things right in Soviet agriculture. One of their first moves was to reunite the Party apparatus which, under Khrushchev, had been split into agricultural and industrial units at the local level. This reunification was intended to restore Party discipline and control at the operating level and to free it from technical managerial functions.

Agriculture Ministry strengthened

Another major development was the restitution of the USSR Ministry of Agriculture—which Khrushchev had stripped of its administrative functions and restricted to research and extension activities—to its pivotal role in agricultural affairs. The current status of the Ministry is indicated by the reappointment of V. V. Matskevich as Minister of Agriculture, a post he held during 1955-60. Matskevich, who headed the first Soviet agricultural exchange delegation to the United States, is judged to be an energetic and capable agricultural administrator.

The lifting of excessive limitations on private plots and privately owned livestock was a third innovation. Private livestock raising was also encouraged by extension of loans to purchase breeding stock, and by the sale of approximately 1 million tons of feed concentrates to private producers. As the private sector accounted for almost 50 percent of livestock production in 1963, the need to stimulate output by private producers is evident—especially in view of the continuing depressed state of animal husbandry in the USSR and the tremendous herd losses sustained in 1963-64.

This liberalization probably was also intended to win peasant support for the new regime within the existing institutional framework, and does not portend the decollectivization of Soviet agriculture. Similar moves in the past under both Stalin and Khrushchev were followed by a tightening of the screw. Brezhnev has made it clear that the liberalization is not boundless and that the private sector will not be permitted to encroach on the collective.

The new Soviet farm program is an attempt by the current Soviet leaders to solve a problem which has proved insoluble during the half-century of Soviet rule. The problem is that of agricultural underproduction, and its magnitude is vividly illustrated by the near-stagnation of agricultural output since 1958—the base year of the current plan.

Increase far below plan

Directives of that plan projected a 70-percent increase in gross agricultural output by 1965—an average annual increase of 7.9 percent. According to official Soviet statistics, however, output increased at an average annual rate of 1.7 percent during the last 6 years, for a total of only 10 percent—an increase paralleled by population growth. Thus, despite the extraordinarily good crop year of 1964, per capita production in that year was no greater than in 1958. In the intervening years Soviet grain stocks were badly depleted, and the 1963 crop failure forced the Soviet Union to dip into its limited foreign exchange reserves to import 11 million metric tons of wheat.

Although this program embodies several objectives, the basic goal is to increase grain production, "the basis and pivot of the whole of agriculture." This is the problem Premier Malenkov termed "finally and irrevocably solved" in 1953. It is also the problem Khrushchev hoped to solve by planting 100 million acres of rangeland to grain in his ambitious Virgin Lands program, and later by emulating the corn-hog economy of the American Midwest.

The Soviet Union's grain problem, despite its position as the world's leading producer of bread grains (wheat and rye), is simply that grain production is insufficient to meet needs: human consumption, industrial uses, stocks, export commitments to Eastern Europe, and livestock feed. The parameters of grain production—population and a diet heavily weighted by grain—restrict the availability of grain for livestock feed, thus giving rise to the second most pressing production problem in Soviet agriculture: low productivity of livestock and the continuing underfulfillment of livestock production plans.

Prices raised, quotas lowered

As indicated earlier, one of the principal means of boosting output of grain and livestock products is a substantial increase in prices paid by the state for these commodities. Although procurement prices of grain and livestock products were increased several times during the Khrushchev era, these commodities remained underpriced, especially in relation to cotton, sugar beets, and other industrial crops. Under the new program state purchase prices of wheat and rye are to be raised 20 to 100 percent, depending primarily on the geographic region. Meat prices are to be increased 10 to 70 and, in some cases, 100 percent. However, no increase in state retail prices of grain and livestock products is scheduled, as was the case when livestock purchase prices rose in 1962.

Along with the price increases for grain and livestock products, the Soviet leadership is attempting to stimulate production by lowering to more realistic levels the quotas of agricultural products to be sold to the state. The chimercial nature of state procurement goals was acknowledged by Brezhnev when he said that in the last 10 years grain procurement plans were fulfilled only three times: in 1956, 1958, and 1964—all very good crop years.

The 1965 purchase plan for grain has been reduced from the 65.5 million metric tons originally planned to 55.7 million tons. (Procurements reportedly totaled 67.4 million metric tons in 1964.) This level is to prevail during the course of the 1966-70 plan. Thus, state and collective farms can plan their grain production and deliveries over a 6-year period and, in theory at least, retain more of their grain harvest.

In the past, state and collective farm production plans have been tied directly to annual state procurement plans which varied from year to year, and, in many cases, farms were forced to deliver grain at the expense of their own seed and feed funds. These heavy-handed extractions resulted in much of the grain procured by the state being returned to the farms. Western analysts have speculated that much of the record state grain procurements in 1964 were returned to farms for these purposes. Brezhnev conceded that the state had to return 2 million tons of grain from the 1964 harvest to farms for seed purposes alone.

Procurements not large enough

Brezhnev admitted that the new level of state grain procurements (55.7 million metric tons) will not be adequate to cover the needs of the state—urban consumption, stockpiling, and exports. Contrary to published speculation, Brezhnev did not imply that this deficit would be covered by imports. Speaking specifically of rice he said: "We had to pay a great deal of money for rice imports during the last 5 years . . . Would it not be better to invest the means in the production of rice in our own country?"

More importantly, a 50-percent premium will be paid for wheat and rye delivered to the state in excess of planned quotas. The premium price will be paid, however, only after the individual farms have fulfilled their delivery plans for all grain, not just wheat and rye.

The above-plan purchase of wheat and rye is supposed to be "on a strictly voluntary basis without the imposition of supplementary tasks on the farms," but collective and state farms have been instructed "to review their possibilities for delivering supplementary quantities of wheat and rye." In addition, farm, Party, and state officials have been notified that their effectiveness in securing above-plan deliveries of grain will serve as a yardstick of their on-the-job performance. Finally, the Ministry of Agriculture, the State Planning Commission, and the State Procurement Committee have been instructed to report their "proposed" level of above-plan purchases to the USSR Council of Ministers by July 15 annually.

Bigger capital investment

Perhaps the best indicator of the seriousness of Soviet intentions in regard to agriculture is the planned step-up in capital investment. State investment in agriculture during 1966-70 is to total 41 billion rubles ($45.6 billion at the official Soviet exchange rate), an amount equal to all state investments in agriculture since World War II! Investment by collective farms from their own resources during the new 5-year plan period is to total 30 billion rubles ($33.3 billion)—a 70-percent increase over investment during the last 5 years.

Eighty new plants and shops for the production of tractors, trucks, combines, and other agricultural machinery are to be constructed. By 1970, the output of grain combines is to increase 50 percent; tractor and truck production is to double. Soviet agriculture is to receive 1,790,000 tractors during 1966-70 compared with 1,000,000 during 1960-64, and 1,100,000 trucks compared with 394,000 during the last 5 years.

Almost as important as the allocation of new equipment is the planned improvement of repair facilities for agricultural machinery, shortages of which have long hampered Soviet agriculture. At present, more than one-fourth of Soviet farms do not have workshops, and the capacity of all repair facilities is only 60 percent of that required for repair and maintenance of the current stock of agricultural machinery. During the next 5 years, the state is to construct 200 major facilities for repairing agricultural machinery and more than 1,000 specialized workshops. Also "a large number" of workshops are to be built or reconstructed on state and collective farms.

Program better balanced than others

While an assessment of the agricultural program of the new regime can only be very tentative at the present juncture, it appears to be more realistic and better balanced, insofar as preservation of the collective system permits, than the programs formulated by Khrushchev. During his 12-year tenure as the principal architect of Soviet agrarian policy, he tended to rely on single-factor solutions.

Brezhnev put his finger on the root of the difficulty when he pointed out that in the past "grandiose objectives were established for agriculture without providing the necessary economic support." The new program tries to remedy this by establishing lower procurement goals and allocating more resources to agriculture.

The crucial question is how the new program will be implemented and whether it will remain in force long enough to produce the desired results. On this score, historical experience does not augur well. The large increase in state agricultural investment and the considerably higher prices to be paid by the government for farm products will require a redistribution of the national budget and investment allocations. This will, no doubt, impinge on the interests of some segments of the Soviet hierarchy—representatives of heavy industry and the military, for example—and may produce a backlash detrimental to the realization of the agricultural program.

Prospects for achieving the ultimate objective of the program—solution of the grain problem—are not auspicious in the short run. U.S. Department of Agriculture estimates indicate that the wheat and rye situation in the Soviet Union is likely to remain precarious until relieved by a substantial increase in output. Very good weather would have such an effect. However, gradual improvement over the 1964 level of output would only cover growing utilization requirements with no margin for replenishing stocks or increasing exports, and a poor crop year could force the Soviet Union to return to the world market for substantial quantities of wheat and rye. Yet if the new program is consistently implemented, the Soviet Union probably would be able to assume its traditional role of a major grain exporter by the end of the new 5-year plan.

U.S. Exports of Agricultural Products: The Long View

U.S. agricultural exports are undergoing changes, both in destination and in commodity composition—and the rate of change is accelerating.

By LESTER R. BROWN
Staff Economists Group, USDA

Throughout most of U.S. history, three commodities—wheat, cotton, and tobacco—have dominated our agricultural exports. During most of the past century, either wheat or cotton was the leading export item. Recently, however, wheat has moved well out in front, owing largely to the growing food shortages in Asia. And since the Second World War, soybeans and feed grains have grown in importance, so that we now have five major export commodities instead of three.

The United States is today the world's leading exporter of agricultural products, completely dominating trade in temperate zone commodities. It is the principal source of such major commodities as wheat, corn, cotton, tobacco, and soybeans. Our exports of farm products approximate those of Canada, Australia, and Argentina combined; and in most years, our exports under the Food for Peace program alone exceed the total agricultural exports of any other major exporting country.

In the usual pattern of development, the role of agriculture declines as a country's economy becomes more industrialized. Thus during the past century our agricultural exports, although accounting for about three-fourths of total exports at the time of the Civil War, declined steadily until they reached a low of 18 percent in 1953.

Since then, however, this long trend has been reversed. In the early 1960's, the agricultural share of our total exports reached 24 percent; preliminary data for 1964 show a further gain to 25 percent. There is good reason to believe that this figure will climb still higher; for the one consistent element in all the various projections of U.S. farm exports made over the past several years is the tendency to underestimate future export levels.

Wheat exports, past and future

Within the past 5 years, we have made the transition from producing wheat primarily for the domestic market to producing it primarily for the export market. During the past 2 years, two-thirds of our wheat crop has moved abroad, mostly under the Food for Peace program.

The past quarter of a century has witnessed some pronounced changes in the destination of our wheat exports. Until World War II, Europe took most of our wheat. But today in Western Europe, both per capita and total consumption of wheat for food is on the way down as rising incomes encourage the purchase of foods like dairy and livestock products. Yet the area's own wheat output is trending steadily upward, so that its dependence on imported wheat is certain to decline. More and more of the indigenously produced wheat will be used for feed.

Meantime, Japan has become our major dollar wheat market, in a striking postwar consumption boost that has affected nearly all foods. Importing better than 2 million tons of wheat in recent years, Japan is expected to increase its imports to well above 3 million tons by 1970.

In nearly all the less developed countries, wheat is a preferred staple; and population growth rates of 2 to 3 percent per year, coupled with rising per capita use, are bringing about an impressive rate of gain in total wheat demand. Thus far during the current fiscal year, these less developed regions, in addition to taking the usual larger volume of Public Law 480 wheat shipments, are taking a major share of our commercial exports as well.

In Brazil, where wheat demand is growing but production is declining, wheat imports are now close to 3 million tons per year. About half of this wheat is imported commercially and about half under Food for Peace.

Nigeria, the most populous country in Africa, has had a similar lack of success in expanding wheat production. Although its imports of wheat are rather small compared with Brazil's, they are growing steadily. The Philippines, producing less than 1 percent of its wheat requirements, has doubled its imports in the past few years and now imports half a million tons per year, with further increases projected. Indonesia, another tropical country, also produces little or no wheat. Its rising internal demand can be met only through imports.

Another group of countries, including India, Pakistan, and Egypt, also have growing needs for wheat imports because they cannot expand production fast enough to keep up with the rapidly growing demand. U.S. exports of wheat, more than any other commodity, will reflect these growing imbalances between food needs and food production in the less developed regions.

Rice, a relatively new export

Before World War II, the quantities of rice we exported were negligible. But in recent years, almost two-thirds of our rice crop has moved abroad; and exports in 1963-64, at 1.5 million metric tons, nearly doubled the average of the 1950's.

A large part of the rice we export now goes to Asia. India, largely a concessional market, and the Philippines, buying most of its rice commercially, are two of our big outlets. The dropping of Indonesia from our list of concessional markets is partly offset by the return of Japan as a large commercial buyer.

Mainland China, which ranked third as a major rice exporter behind Burma and Thailand until a few years ago, has now lost most of its exportable surplus. The United States, with its steadily rising volume of rice exports, has moved into China's place. And, with neither Thailand nor Burma expanding production or exports rapidly, it has come close to overtaking both of them.

Feed grain export prospects hopeful

Our feed grain exports go mostly to Western Europe and

This is the second of two articles adapted from a paper presented at the Fifth Annual Farm Policy Review Conference, Jan. 25-27, 1965, Washington, D. C.

Japan, both characterized by rapidly rising per capita incomes and rapid gains in the per capita consumption of livestock products.

Exports from Argentina, a longstanding feed grain exporter, have not kept pace with the long-term growth in world exports. Newly emerging corn exporters such as Thailand and the Republic of South Africa have picked up much of the slack. The United States supplies one-half of all the corn and four-fifths of the grain sorghums entering the world market; but in barley exports, competing with Canada, Australia, and (more recently) France, it enjoys a much less favorable position.

U.S. feed grain exports have increased steadily over the past decade, nearly tripling the levels of the early 1950's. This country is an efficient, highly competitive producer of feed grains. If we keep our prices competitive, we should experience little difficulty in at least maintaining our present share of a growing world market.

Soybeans, a star newcomer

Soybeans merit the title of outstanding performer among the major export commodities. Though a relatively new export crop, they have had a phenomenal rise, and nearly half the harvest now moves into world trade. During the 1930's, exports averaged only 2 million bushels per year; during the early 1950's, they averaged close to 30 million; this past fiscal year, they reached 186 million and earned half a billion dollars in foreign exchange. If soybean oil and oilcake exports are added, the total approaches three-quarters of a billion dollars.

In the 1920's and 1930's, when soybeans were just catching on here, Mainland China completely dominated world soybean trade, supplying some four-fifths or more of total soybean exports. Today, however, it is the United States that dominates soybean trade with a similar share of the total. China has lost its traditionally large exportable surplus; and its lagging agricultural output, plus its 15 million new mouths to feed every year, will very likely prevent its reemergence as a serious competitor in the soybean market.

Soybeans are today the world's leading oilseed, having eclipsed such traditional oil-bearers as peanuts, copra, and palm kernels. If past trends continue, it is only a matter of time before our exports of soybeans and their products reach the billion-dollar mark.

Cotton and tobacco prospects cloudier

In recent years, one-third of each year's cotton crop has moved abroad. But the long-term trend in our cotton exports contrasts sharply with that for other major farm commodities. During the 1890's cotton exports ranged from 5 million to 8 million bales per year. As recently as the 1930's they averaged close to 7 million. But since World War II, two important developments—the emergence of several new exporting countries and the growing use of synthetic fibers—have made the expansion of our cotton exports difficult. Facing this double competition, they are likely to remain at about current levels.

Our tobacco exports, though edging upward during the past several years and accounting for about a fourth of the crop, have been rather stable during the postwar period. But, like our cotton, our tobacco faces stiff competition from that of newer producing countries. Most of the growth in world tobacco trade during recent years has been accounted for by these newer exporting countries, especially Rhodesia. However, with a sustained effort to improve our quality advantage, we should be able to raise tobacco exports modestly over the next few years.

Livestock products show rising trend

Until quite recently, prospects of significantly enlarging our exports of livestock products did not seem good. However, annual exports, ranging from $500 million to $700 million between 1955 and 1963, are now beginning to move upward. Preliminary figures for fiscal year 1964 show them approaching $800 million, and perhaps this rise is initiating a long-term trend.

Exports of nonfat dry milk this past year reached a record level, double that of the late 1950's. In addition to sizable shipments of nonfat dry milk for use under the Food for Peace program, growing quantities are beginning to move to Western Europe for use largely in the manufacture of feedstuffs.

Exporting nonfat dry milk to the less developed regions is a practical way of using our agricultural production potential to alleviate diet deficits in animal protein. Nonfat dry milk ships and stores well. It is especially important in the U.S.-sponsored school lunch programs now operating in many of the less developed countries as part of the Food for Peace program.

Beginning in the late 1950's, there was a rapid rise in our exports of frozen poultry. But these were seriously set back by the imposition of import restrictions in the European Economic Community. With rapid growth in exports to non-EEC countries, however, the long-term prospects for expansion are good.

Exports of variety meats, approaching 200 million pounds this past year, are expected to continue gaining. The rapid growth of these exports reflects the rise of income levels in the major importing countries of Western Europe. Exports of pork, another livestock product doing very well of late, have nearly doubled in the past several years. Other developments, such as exports of small quantities of feeder cattle and young calves to Europe, also hold some promise for the future. Tallow exports, too, have picked up sharply over the past year.

Looking ahead

Both world population and world per capita incomes are increasing more rapidly than ever before. In Europe and Japan, where population growth rates are low, food demand is expanding largely as a result of rising per capita incomes. Given the diminishing returns associated with attempting to get more and more output from fixed land areas, these regions must turn to imports to fill their needs. Japan, now the leading overseas outlet for U.S. farm products, purchased nearly $750 million worth in 1964. If recent trends continue, it will only be a few years before Japan becomes the first billion-dollar market for U.S. farm products.

In the less developed regions of Asia, Africa, and Latin America, most of the additional food needs will arise from increases in population. Many of these countries, lacking both new land to bring under cultivation and the capacity to raise yields rapidly, will be faced with growing shortages of food.

These population and income pressures, which have resulted in a doubling of U.S. farm exports over the past decade, should continue to push our agricultural exports to new highs, further increasing the share of our farm output moving to markets abroad.

World Food Program May Continue; $275 Million Asked

A unanimous recommendation that the World Food Program—which uses food as an aid to economic development—should continue as long as such aid is "found feasible and desirable" has been made by the 24-nation Inter-Governmental Committee of the United Nations Food and Agriculture Organization (FAO). The Committee has also recommended that governments pledge to the Program up to $275 million in commodities, cash, and services during the years 1966, 1967, and 1968:

The Committee ended its session in Rome on April 14 after 2 weeks of discussions, mainly reviewing the work done under the 3-year experimental World Food Program and considering its future size and shape.

The Program was started in January 1963, with a target of $100 million in commodities, cash, and services. So far, it has had $94 million pledged to it by 70 countries, and has approved more than 100 projects, committing $63,500,000 in 50 different countries. In addition, it has given emergency aid in some 20 cases, at a cost of nearly $10,000,000.

Should remain a UN activity

The Committee said "multilateral food aid should be recognized as a continuing and integral part of overall aid activities under the United Nations system of organizations." It further said that the World Food Program should be continued, as at present, under the joint auspices of the United Nations and FAO to meet emergency food needs, including the establishment of food reserves, and to implement projects of economic and social development using food as aid.

The Committee's recommendations are to be considered by the FAO Council in June and by the UN Economic and Social Council (ECOSOC) in July. Final decisions on the Program's future will be taken by the FAO Conference next November and the UN General Assembly shortly afterwards.

The Committee recommended to the United Nations and FAO that work carried out under the Program should be reviewed each time a conference is called to enable countries to make their contributions. It added that the Program may be enlarged, curtailed, or terminated at the end of any period for which the resources had been pledged by the participating nations.

New projects in 4 countries

The Committee approved specific projects of economic and social development in India, Peru, Colombia, and Basutoland, at a total cost of $5,207,000 to the Program.

In India, food aid worth $1,588,000 is to be used over a period of 9 months for the supply of 20,000 tons of maize, to be mixed with other feed to help raise more poultry in eight different States.

In Peru, $1,524,000 worth of food is to be used over a period of 18 months as an incentive to some 3,800 voluntary workers and their families employed on the construction of roads, markets, schools, and related work of community development. Nearly 1,500 kilometers of roads are to be built in 37 provinces.

In Colombia, 10,000 voluntary workers and their families (making a total of 70,000) are to get food aid worth $1,325,000 while they work on providing civic amenities, such as parks, children's playgrounds, and sports fields.

In Basutoland, food aid worth nearly $771,000 would go to supplement the diets of 15,000 mothers and expectant mothers every year and of some 87,000 school children. Some mothers' clinics and schools that are not accessible are to have road links with the rest of the country, and 100 workers engaged on this work are to get food under the project.

U.S. supports program

Representing the United States at the Rome meeting was Mrs. Dorothy H. Jacobson, Assistant Secretary of Agriculture for International Affairs. She voiced U.S. support for a policy of assistance to developing nations since this country recognizes that accelerated economic growth and development, with accompanying higher levels of living in those nations, are necessary to achieve the goals of prosperity, progress, and peace. Food aid, she said, is regarded as an essential part of such assistance programs.

"This is true for humanitarian reasons," she continued. "It is also true because, in a world where some nations produce more food than they can consume at home or sell commercially, food aid provides a means for greatly expanding the total amount of aid available.

"While food aid cannot, in itself, free the world from hunger, it can contribute toward helping the hungry nations achieve a stage of economic growth which will enable them either to produce or purchase enough for their own needs. Accordingly, food aid should be directed as much as possible toward helping the developing nations to increase their own production. It should also be directed away from any likely deterrence of local agricultural development."

Mrs. Jacobson further reported that the U.S. Government held the view that its bilateral food aid programs should continue, saying that it would not be feasible to make all food aid available on a multilateral basis for a variety of reasons. She recalled that President Johnson has clearly stated that the United States would persist in its efforts to put more aid on a multilateral basis. But as far as food aid was concerned, she said, the U.S. Government believed that multilateral food aid could supplement usefully the current programs of the United States and other donor countries.

40-percent share pledged

Stating that the United States supported the principle of multilateral food aid as a part of multilateral assistance, she emphasized that that support was based upon continued use of food aid in projects for economic and social development, including school feeding.

Mrs. Jacobson recalled that the United States had been willing, during the experimental period, to contribute a larger proportion than usual in support of multilateral programs, and that this had amounted to somewhat more than 50 percent of the total amount. In proposing a continuation of the program, the United States believed that its share should be held to 40 percent, and of this, 25 percent would be cash, including ocean freight services, and the remainder agricultural commodities.

A Brief Survey of

The FOREIGN MARKET for U.S. SEEDS

U.S. exports of grass and legume seeds in 1964-65 are expected to reach the record 1963-64 level of 66.5 million pounds, valued at $17.1 million.

Through December of this fiscal year, exports of U.S. grass and legume seeds had risen 4 percent above those in the same period of 1963-64. Gains were experienced in shipments of alfalfa, bentgrass, the fescues, orchard-grass, timothy, and other grasses, while decreases occurred in exports of clovers and red top.

Major purchasers will probably be about the same as in 1963-64—France, Canada, Japan, Italy, West Germany, and the Netherlands. The United Kingdom, Mexico, Australia, and Chile also figure importantly as U.S. markets.

France importing less legume seed

U.S. sales to the French market have been holding up, despite an expected reduction in that country's total imports. Predictions are that the country's import requirements will be down to 17.7 million pounds from 1963-64 purchases of 34.9 million as a result of a 13-percent rise in its commercial seed production.

Supplies of those grasses commonly exported by the United States—perrennial ryegrass, the fescues, timothy, and orchardgrass—are well under normal, and French imports of them are forecast to be large. The decline in total purchases will come as a result of reduced takings of legumes, reflecting a sharply increased 1964 production. Exceptions in this category are alsike and white clover, imports of which will total about a million pounds.

During 1963-64, the United States supplied about a third of France's seed imports.

Canada presents a favorable outlook, having taken 10.5 percent more seed through December of the 1964-65 crop year than in the same period of the previous year. About 60 percent—2.3 million pounds—of the 4.1 million imported during that period came from the United States. Total 1963-64 imports by Canada—that year second largest U.S. market—were 24.5 million pounds, of which about 87 percent came from the United States.

This import gain is in response to a drop in Canada's commercial grass and legume seed production to a level below both the 1963 crop and the 10-year average. The decline—coming largely because of unfavorable harvest conditions in the major producing areas—was not reflected in all seeds, however. Crops of wild rye and birdsfoot trefoil reached record levels of 1,080,000 and 652,000 pounds, respectively, and production of white cloverseed was up to 452,000 pounds from a 10-year average of only 8,000. Also, a 30-percent increase in Canada's production of hybrid seed corn acreage helped to keep the country's seed crops at about the 1963 level, even though frosts and poor harvest weather lowered seed quality and affected germination in some areas.

More gains seen for Japan

The emphasis on expansion of pasture acreage in Japan —our fastest growing seed market—should assure continued increases in that country's importation of U.S. forage seed. Owing to high costs of seed production there, Japan will be importing much of the seed used in its program to improve 2.4 million acres of pasture by 1971. The United States, which supplied about three-fourths of the Japanese forage seed imports of 6.8 million pounds in 1963-64, should continue to supply much of this market.

Italy growing more seed

Import demand in Italy remains steady despite that country's increased emphasis on domestic production of grass and legume seeds, especially in the Po Valley area.

U.S. grass and legume seed exports to Italy in 1963-64 totaled about 4.9 million pounds. During the early part of 1964-65, our clover seed exports to Italy were down, but those of bentgrass, fescues, and other grasses rose.

Although its 1964 seed crop was slightly above average, Germany has been showing increased interest this fiscal year in alsike clover, timothy, and the fescues. U.S. shipments of these three types, plus alfalfa, increased in July-December from the 1963-64 level, and German wholesale price quotations on them have been higher.

Germany was fifth largest market for U.S. seeds in 1963-64; however, this country's share of the market—4.6 million out of a total import of 41.6 million—remains small.

The Netherlands continues to show import interest in U.S.-produced Kentucky bluegrass, timothy, red fescues, and chewings fescue, even though its 1964-65 commercial seed production is up from the low level of 1963-64.

U.S. exports of grass and legume seeds to that market in 1963-64 totaled 4.2 million pounds compared with 3.3 million in 1962-63. Shipments during the first half of the current marketing year indicate no major change in Dutch demand for seeds. Generally, the United States is largest supplier to the Netherlands, followed by Denmark.

Like the United States, Canada, and many of the other large seed exporters, the Netherlands exports as well as imports seed. By far the largest portion of its shipments —45 percent in 1963-64—goes to the United States.

More foreign varieties being multiplied

A most successful part of the U.S. export program is the multiplication of foreign varieties of seed in this country for re-export.

This still-young industry has experienced rapid expansion in recent years, and just last year it branched out to include multiplication under the OECD herbage seed certification scheme—an international scheme to insure genetic purity of multiplied seeds. Area harvested under this system amounted to close to 1,000 acres during 1964, and indications are that there will be a several-fold increase in area harvested under it in 1965.

In addition, there continues to be multiplication of varieties under direct contracts with private seed firms for production under the supervision of either state seed certification agencies or private seed firms.

Prepared in the Grain and Feed Division of the Foreign Agricultural Service.

U.S. Exhibit, Brussels, 1962

ANUGA fair, Cologne, 1963

U.S. Exhibits in Europe This Fall To Stress Trade Contacts

Many American food firms are expected to capitalize on an unusual opportunity to make sales contacts at two major European fairs this fall where U.S. exhibits will for the first time include display and conference facilities especially geared to trade needs.

Grocery Manufacturers of America, Inc., is cooperating with FAS in sponsoring the U.S. exhibits at the ANUGA International Food Show in Cologne, West Germany (Sept. 25-Oct. 3), and the 36th Salon de l'Alimentation in Brussels, Belgium (Oct. 30-Nov. 14).

Food firms throughout the United States have been invited to participate in the two events, each of which is expected to draw about a quarter of a million persons—including importers, agents, and other tradespeople interested in seeing new products and establishing agency relationships with overseas suppliers.

In a move to strengthen contacts with foreign tradesmen, this year for the first time the U.S. exhibits will feature—in addition to the usual exhibits for the public—a special trade area open to tradesmen only. Participating U.S. firms and overseas agents will use this "trade center within a trade fair" both as a sales promotion headquarters for the display of products and as a place to discuss business with interested customers.

Each participating company will be provided floor space and a display structure equipped with shelves and a storage cabinet for products, promotional literature, and sampling utensils. Freezer space will be available for displaying frozen foods. The display booths will surround a trade lounge where tradespeople can meet.

Each U.S. company will be required to provide a full-time representative, either from the United States or abroad.

Firms interested in participating in the food shows in Cologne and Brussels should contact Grocery Manufacturers of America, 205 East 42d St., New York, N.Y. 10017. Firms need not be GMA members to participate.

The U.S. exhibits, in addition to featuring private trade facilities, will display and demonstrate U.S. agricultural products and commodities, and foods prepared from them, for selling and sampling to the hundreds of thousands of visitors to the public areas.

Of special significance at the Brussels exhibit will be a restaurant where U.S. beefsteaks will be served. Both exhibits will feature U.S. beef sold as hamburgers and roast beef sandwiches. Similar operations at U.S. exhibits over the past year have shown that grain-finished beef is eaten and enjoyed by Europeans. Barbecued chicken and turkey will also be sold.

Other commodities to be featured at both Brussels and Cologne are U.S. fruits, rice, and soybeans. In addition, dry beans will be displayed at the Cologne exhibit.

The United States first participated in the Brussels show in 1962 and has been in the ANUGA fair, held biennially, four times since 1955.

(Continued on page 16)

Tokyo Trade Center's U.S. Processed Foods Show Gave Maximum Exposure to Exhibitors' Products

The enthusiastic reception given U.S. processed foods at the recent Tokyo Trade Center show has led to serious consideration of a 1966 follow-up to capitalize on this high interest, according to a post-event analysis by U.S. Trade Center officials.

In what was a new attendance record for an agricultural promotion at the Center, the processed foods show this past March drew 7,235 Japanese importers, wholesalers and retailers, and food manufacturers. Attendance of 1,170 on the final day was also a new high for any 1 day at the Trade Center, where admission is limited to tradespeople.

Trade contacts in excess of 6,000 were reported by the 47 U.S. food firms that participated in this first promotion of American processed foods in the Far East.

According to one American exporter, "I could have spent a whole year in Japan and never approached the number of valuable business contacts I have made at this show."

Three participants reported on-the-spot sales totaling $8,400 and five anticipated followup business of $1.5 million, although most of the exhibitors were reluctant to disclose actual or potential orders placed by the Japanese. All of the U.S. representatives, however, expressed confidence that the net result of the 1965 show would be increase sales to Japan.

Typical of their responses was this comment by the general manager of a California firm: "We are now convinced that we can compete successfully with the walnuts being offered to Japan. We know we can expand our exports."

From a Japanese agent for a U.S. firm: "Interest in frozen food by trade visitors was beyond expectations, and we believe there is a bright future for this type of merchandise."

A representative of a Hawaiian firm: "We served more than 3,000 sample cups of pineapple-papaya dessert new to the Japanese trade. I've been flooded with queries about the product, the price, and its availability."

An international manager of a midwestern firm: "We had a very busy time here promoting our food seasonings and food dyes. We are going to have a lot of followup to do later."

Asked whether they would be interested in exhibiting in a 1966 gourmet and specialty foods show at the Center if one were held, all 47 U.S. firms answered in the affirmative.

Helping to make the processed foods show a commercial success, according to Trade Center Manager David R. Strobel, was the wide range of U.S. foods on display, including canned, frozen, glass-packaged, dried, and dry-packaged items.

At the 30-foot booth of the Grocery Manufacturers of America, Inc.—which cooperated with FAS in presenting the show—were promoted specialty, novelty, and convenience items new to the Japanese market. This was carried out with a minimum of duplication of the items featured at the commercial booths, such as poultry and meat products, spices and seasonings, nuts, dietetic and nondietetic candy, soup, fruit, and vegetables.

Practically all the exhibitors either distributed food samples prepared on the spot or small packages of food items, in addition to the demonstrations presented by GMA.

"The overall response to the show," Mr. Strobel said, "indicates successful accomplishment of the principal objective: to obtain maximum exposure to all segments of the Japanese food industry of the quality, versatility, and variety of processed foods available from the United States.

"The extensive press, radio, and TV coverage of the show accomplished the additional objective of reaching the consumer level to stimulate further usage and consumption of processed foods in Japan," he said.

Stoked by high-level employment and purchasing power, Japanese consumption of processed foods has shown significant increases in recent years, Mr. Strobel pointed out. Per capita consumption of canned foods, for example, went from 6 pounds in 1957 to 11.5 pounds in 1963.

This processed-foods market more and more is being supplied from imports, with Japan importing $82 million worth of 51 principal processed food items in 1963 compared with only $31 million in the year before. The United States has accounted for an increasing share of these imports, $22 million in 1963 against only $7.5 million in 1962.

U.K. Feed Grain Team Studies U.S. Cattle and Feed Operations

During a recent 3 week trip to the United States to study U.S. cattle and feeding operations sponsored by the U.S. Feed Grains Council and FAS, a U.K. intensive-livestock-feeding team stops to inspect the automatic control panel of a feed-mixing plant at Edroy, Texas. (l-r) Hart Kornegay, general manager of Lykes Feedlot; Colin Campbell, animal nutrition specialist, USFGC, London; John Foll, technical director, Messrs. James & Co. (Hungerford Ltd.); Eric Lamming, professor of animal science, University of Nottingham, and Ralph Whitlock, British agricultural journalist.

South African Corn Board To Limit Corn Exports

The Corn Board of the Republic of South Africa has determined that, because of the heavy drought damage to the current corn crop, white corn will not be available for export from that country in the coming year. The Board has also announced that no cargoes of yellow corn will be offered for export during July-August 1965.

In September the supply position is to be reviewed to determine whether yellow corn will be available during the remainder of the 1965-66 marketing year (May 1-April 30).

Panama Harvests Record Rice Crop

Panama's 1964-65 rice production is estimated at a record 125,000 metric tons of rough rice (81,000 milled), 11 percent more than the 112,700 tons (73,000) produced in 1963-64. The previous record crop was 118,800 tons (77,000) in 1959-60.

Of Panama's two rice crops a year, the first—from 85 to 90 percent of the total—is harvested mainly from August to December; the second, December and January.

The marked increase in production in 1964-65 is partly the result of a larger acreage planted and partly due to the government's program for increasing basic food crops. Improved cultivation procedures—the use of better seed and more fertilizer—were encouraged, and special credit programs were set up to finance increased rice production on small and medium-size farms.

An example of the program's accomplishments is the exceptional rice yield now being obtained in Chiriqui Province. This Province, which produces about 27 percent of the country's rice crop on 20 percent of the rice acreage, has average yields per acre that exceed the average for Panama by about 30 percent. Both of the 1964-65 crops here are reported to be the largest in several years.

As a result of the bumper harvest this year, rice imports will not be needed in 1965. Up to 5,000 tons of milled rice are imported following seasons when crops are reduced by unfavorable weather.

Brazil Expects Record Corn Crop, Sizable Exports

Brazil's Ministry of Agriculture has estimated the 1965 corn crop in the east-central and southern region of the country at 10,142,000 metric tons. This, plus production in the north and northeastern region, is expected to bring the total crop to a record 11,550,000 tons (about 455 mil. bu.), possibly leaving a surplus above consumption of about 1.6 million.

The Brazilian Government has recently established an export quota of 500,000 tons. Reportedly a half million tons is the limit of Brazil's port capacity for exports.

France Buying Pork To Support Market

The French price support agency in early April began buying hog carcasses to support prices to farmers. The agency has been buying bellies and some other pork cuts for several weeks. The pork which has been acquired will be stored and then either sold back into the domestic market or, possibly, exported to other countries. The purchase price for first-class hog carcasses at Paris is 36 cents per pound.

Prices of cattle and calves, which usually increase sharply during May-July, are well above support levels. It is therefore unlikely that prices will fall below supports at least until fall.

Hog Cholera Greatly Reduced in Britain

The number of hog cholera outbreaks in Great Britain has fallen from 1,243 in 1963 to 402 in 1964. This reduction in infections has been mainly due to a program of slaughter and compensation for infected and exposed animals, which has been in operation since March 1963.

Australian Meat Shipments to the United States

Six ships left Australia during March with 9,128,000 pounds of beef, 1,285,760 pounds of mutton, and 4,480 pounds of lamb for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Western ports			*Pounds*
Gudrun Bakke----	Seattle	May 6	Beef	40,320
March 17	Portland	8	Beef	24,640
	Los Angeles	16	Beef	33,600
	San Francisco	21	Beef	100,800
			Mutton	33,600
Goonawana----------	Los Angeles	Apr. 7	Beef	1,097,600
March 20			Mutton	224,000
	San Francisco	14	Beef	770,560
			Mutton	60,480
	Portland	22	Beef	152,320
	Seattle	25	Beef	472,640
Mariposa----------	San Francisco	11	Beef	215,040
March 23	Los Angeles	16	Beef	190,400
	Gulf, eastern ports, and St. Lawrence Seaway			
City of Melbourne [2]	Boston	Apr. 9	Beef	33,600
March 11	New York	22	Beef	636,160
	Philadelphia	29	Beef	8,960
Pioneer Isle--------	Charleston	21	Beef	22,400
March 20			Mutton	22,400
	Boston	25	Beef	201,600
	New York	27	Beef	228,480
			Mutton	33,600
	Philadelphia	29	Beef	51,520
	Baltimore	May 1	Beef	100,800
			Mutton	67,200
Lake Eyre----------	New Orleans	Apr. 20	Beef	405,440
March 28	Tampa	21	Beef	698,880
			Mutton	33,600
	Charleston	26	Beef	73,920
			Mutton	311,360
	Norfolk	28	Beef	181,440
			Mutton	44,800
	Philadelphia	29	Beef	734,720
			Mutton	42,560
			Lamb	4,480
	New York	May 1	Beef	2,307,200
			Mutton	291,200
	Boston	3	Beef	600,320
	Detroit	13	Beef	423,360
			Mutton	120,960

[1] Cities listed indicate location of purchaser and usually port of arrival and distribution area, but meat may be diverted to other areas for sale. [2] In addition to amounts reported in *Foreign Agriculture*, April 12, 1965.

Australian Meat Board.

U.S. Exports of Livestock Products Still Down

U.S. exports of most types of livestock and meat products in February continued below the levels of a year earlier, reflecting stevedore strikes in east coast and gulf shipping centers. Most northeastern ports were closed well into February; some gulf ports, throughout all of the month and into early March.

Exports of all red meats in January-February 1965 amounted to less than 17 million pounds, compared with 48 million a year earlier. Variety meat exports were less than half as large as those of a year earlier.

Cattle exports were up 50 percent, however, reflecting a large movement to Mexico and continued shipments to Italy.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
(Product weight basis)

Commodity	February		January-February	
	1964	1965 [1]	1964	1965 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	52,304	29,862	115,020	52,749
Tallow & greases:				
Inedible	162,824	179,580	331,425	274,568
Edible	1,211	749	2,138	1,321
Red meat:				
Beef & veal	2,067	5,581	5,525	8,799
Pork	18,513	3,911	41,427	6,183
Lamb & mutton	165	95	267	180
Sausages:				
Except canned	168	150	340	278
Canned	102	92	179	178
Meat specialties:				
Frozen	---	97	---	127
Canned	---	90	---	153
Other canned meats	165	568	299	1,059
Total red meats	21,180	10,584	48,037	16,957
Variety meats	17,369	11,191	33,941	15,764
Sausage casings:				
Hog	982	360	1,948	595
Other natural	395	183	597	290
Mohair	219	239	413	325
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	904	702	1,691	1,490
Calf	212	115	440	214
Kip	21	15	49	46
Sheep and lamb	241	168	536	316
Horse	---	1	---	5
Goat and kid	---	7	---	36
	Number	*Number*	*Number*	*Number*
Live cattle	2,254	4,133	4,574	6,852

[1] Because of new classifications, 1965 data are not entirely comparable with earlier years.

India's Tobacco Exports at New High

India's exports of unmanufactured tobacco in 1964 rose to a new record of 158 million pounds from the previous high set in 1963 of 150 million.

Shipments of flue-cured tobacco reached 136 million pounds or 86 percent of the total, compared with 114.5 million in the previous year. The average price per pound of India's flue-cured exports in 1964 was the equivalent of 31.3 U.S. cents, compared with 36.1 cents in 1963.

Major destinations for India's flue-cured tobacco in 1964 included the USSR, the United Kingdom, Japan, Czechoslovakia, East Germany, Belgium, Hungary, and the Netherlands. The USSR—the most important purchaser in 1964—took 70.9 million pounds at an average of 22.3 cents, compared with 33.9 million at 25 cents in 1963. The United Kingdom purchased 33.4 million at 55.5 cents, and Japan 7.8 million at 31.7 cents.

INDIA'S EXPORTS OF FLUE-CURED TOBACCO

Destination	1962	1963	1964	Av. price per lb.
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*U.S. cents*
USSR	34,747	33,931	70,937	22.3
United Kingdom	39,998	37,392	33,376	55.5
Japan	23	3,386	7,819	31.7
Yugoslavia	8,362	13,589	4,719	22.0
Germany, East	7,684	4,153	3,776	32.1
Belgium	2,613	3,133	2,531	20.6
Hungary	1,206	1,239	2,307	12.6
Netherlands	2,970	2,851	2,155	20.4
Singapore	1,806	2,548	1,659	36.2
Czechoslovakia	200	612	954	31.2
Hong Kong	1,654	1,414	770	17.8
France	2,583	2,231	663	15.4
Senegal	---	546	521	9.1
Ivory Coast	---	767	461	9.2
Algeria	463	441	324	20.2
UAR (Egypt)	9	414	282	36.2
Malaya	238	842	281	37.1
Poland	11,671	2,612	---	---
Others	5,057	2,426	2,397	---
Total	121,284	114,527	135,932	31.3

Denmark Imports More Tobacco

Denmark's duty-paid imports of leaf tobacco in 1964 totaled 32 million pounds, compared with 27.6 million in 1963. Imports of U.S. leaf, however, declined to 14.6 million from 15.4 million in 1963, and the U.S. share of the Danish market, to 46 percent from 56 percent in 1963 and 47 percent in 1962.

The decrease in purchases of U.S. leaf last year was more than offset by much larger takings from Brazil, which supplied 8.3 million pounds compared with 3.3 million in 1963. Other major sources of Danish leaf tobacco imports in 1964 were Indonesia, 4.0 million pounds, and Rhodesia-Zambia-Malawi, 3.2 million.

DENMARK'S IMPORTS OF LEAF TOBACCO

Origin	1962	1963	1964 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	13,291	15,393	14,595
Brazil	5,511	3,300	8,284
Indonesia	4,259	3,922	3,963
Rhodesia, Zambia, Malawi	3,255	2,909	3,171
Cameroon	54	158	373
Greece	249	249	371
Turkey	391	498	329
Mexico	177	291	175
Cuba	82	201	172
Dominican Republic	316	152	127
Canada	314	164	126
Others	523	318	319
Total	28,422	27,555	32,005

[1] Preliminary; excludes tobacco waste.

Finnish Cigarette Output Off Sharply

Finland's 1964 cigarette output totaled 5,554 million pieces—down 23.2 percent from the 7,231 million produced in 1963. Most of the decline was attributed to the sharp advance in retail prices caused by the enactment of a sales tax on January 1, 1964.

Filter-tipped cigarettes continued to increase in popularity during 1964. They accounted for 66.4 percent of the market last year, compared with 62.2 percent in 1963 and 59.9 percent in 1962.

Combined production of cigars and cigarillos, at 31.2 million pieces, was 76 percent greater than the 17.7 million pieces produced in 1963. Output of pipe tobacco totaled 2.1 million pounds, or 57 percent above the 1963

level of 1.3 million. However, production of chewing tobacco was down 21 percent and snuff almost 8 percent from the previous year's figures of 12,566 and 62,610 pounds, respectively.

The Netherlands' Tobacco Imports

Gross imports of unmanufactured tobacco (direct plus withdrawals from bond) into the Netherlands in 1964 totaled 87.4 million pounds—virtually the same as in 1963. The United States supplied 31.9 percent of the total (27.9 million pounds), compared with 28.3 percent in 1963.

Import prices for various unstemmed tobaccos in 1964 from major sources of supply (in terms of U.S. equivalents) were: U.S. flue-cured 59 cents, Rhodesian (mainly flue-cured) 38, U.S. Kentucky-Tennessee fire-cured 54, Italian fire-cured 33, U.S. burley 91, Rhodesian burley 41, Brazilian cigar filler 44, Greek oriental 74, and Turkish oriental 56.

GROSS IMPORTS OF UNMANUFACTURED TOBACCO INTO THE NETHERLANDS
(Direct and from bonded warehouses)

Origin	1962	1963	1964
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	20,221	24,744	27,912
Germany, West [1]	10,562	11,876	15,567
Rhodesia, Zambia, Malawi	8,959	12,536	10,997
Brazil	5,968	7,813	8,920
Rep. of South Africa	1,770	5,159	4,187
India	2,595	3,485	2,701
Italy	4,074	3,294	2,033
Dominican Republic	935	1,232	2,017
Belgium	4,659	5,196	1,731
Paraguay	670	1,689	1,343
Philippines	516	1,010	1,175
Argentina	604	1,087	1,074
Turkey	578	1,280	895
Canada	481	604	783
Greece	1,283	959	741
Cuba	483	816	560
Indonesia	849	234	388
Others	3,543	4,350	4,410
Total	68,750	87,364	87,434

[1] Mainly leaf of Indonesian origin.

Hong Kong's Cigarette Exports Down

Hong Kong's 1964 exports of domestic-made cigarettes, at 9.2 million pounds, declined from the 1963 high of 10.9 million pounds after showing a steady upward trend during the past decade.

Sabah, formerly North Borneo, continued to be the principal export market last year, but shipments to it dropped to 6.9 million pounds from the 1963 high of 9.3 million. However, exports to Brunei, Sarawak, and Macao were slightly larger than those for the previous year.

Hong Kong's re-exports of imported cigarettes continued to decline, last year dropping to 368,000 from 423,000 in 1963. The principal destinations for these re-exports last year included Macao, Singapore, Thailand, Laos, Indonesia, Cambodia, and Taiwan.

Australia Expects Smaller Tobacco Harvest

The 1965 harvest of salable tobacco in Australia is not expected to exceed 22 million pounds, compared with early-season estimates of about 27 million. Crops in Queensland and northern New South Wales have been heavily damaged by blue mold and hail. In Victoria, part of the crop, which was planted late because of rain, suffered frost damage. Australia had a record harvest of about 34 million pounds last year.

The current auction season opened at Mareeba on March 16. Through April 6, about 3 million pounds had been sold at an average price equivalent to about US$1.17 per pound. The average price for last season's sales was about US$1.15 per pound.

Rhodesian Flue-cured Auction Prices

Auction sales of flue-cured tobacco on the Salisbury, Rhodesia, market for the sixth week of sales, ended April 14, amounted to 9 million pounds and averaged the equivalent of 38.3 U.S. cents per pound.

Cumulative sales through the sixth week totaled 42.3 million pounds, at an average of 38.9 cents. Sales through the sixth week last year were 45 million pounds, at an average of 34.9 cents.

Dutch Sales of Butter and Cheese Decline

Exports of cheese from the Netherlands in 1964, at 234 million pounds, were down 10 percent from the record 1963 sales.

Most of this decline was accounted for by a reduction of 22 million pounds in shipments to West Germany, which nevertheless remained the most important purchaser taking 100 million pounds.

Sales to Belgium, second in importance as a market for Dutch cheese, rose slightly to 43 million pounds and those to the United Kingdom increased from 23 million pounds to 25 million. Smaller quantities than in 1963 were shipped to France, Italy, and Sweden; slightly larger quantities went to Japan and the Philippine Republic.

Imports of cheese reached an alltime high of 13 million pounds. Belgium was the chief supplier, with 8 million pounds.

Butter exports in 1964 were 56 million pounds, down 35 million from the preceding year and smallest since 1948. The United Kingdom accounted for 61 percent of total exports, compared with last year's 36 percent. Sales to Belgium increased from 2 million pounds to 6 million, while sales to West Germany declined from 11 million to 3 million, and those to Italy, from 8 million to 5 million. There was a resumption of trade with East Germany, which took 3 million pounds.

The Netherlands imported 8 million pounds of butter in 1964, compared with 6 million the year before. In both years, the United States was the principal supplier.

Indian Cotton Crop Smaller in 1964-65

The 1964-65 cotton crop in India is now estimated at 4,800,000 bales (480 lb. net), 8 percent below last season's production of 5.2 million and 700,000 bales below estimated consumption in 1964-65. Despite the decline, this season's crop was still the third largest on record.

Contributing to the reduction from the 1963-64 level were heavy rains last fall in the northern and central regions, heavy losses from disease and insects, and a poor outturn from replanted cotton.

Imports in August-December 1964-65 totaled 280,000 bales, compared with 180,000 in the same period of

1963-64. Imports from the United States during the first 5 months totaled 191,000 bales, most of it under P.L. 480 arrangements and the manganese-cotton barter agreement. Total imports this season are expected to reach 650,000 bales, compared with 556,000 in 1963-64.

Consumption of cotton in India continues at a record rate and is expected to total 5,500,000 bales this season, 5 percent above the 1963-64 consumption of 5,225,000 and 14 percent above annual average consumption of 4,816,000 bales during the past five seasons. Contributing to the increased offtake are the growing population, a considerable increase in the consumers' money supply, and the decision of the government in the fall of 1963 to allow mills to expand the number of spindles and looms. In the past 2 years, there has been a 2.2-million increase in the number of spindles.

Exports are expected to decline this season to about 175,000 bales, 24 percent below 1963-64's total of 231,000. The decline is attributed to a smaller crop of Bengal Desi cotton, the principal export variety. Prices for this variety have strengthened because of the shortage and because production of shorter staple cotton was down in Pakistan this season. Exports in the August-December period of 1964 were 73,000 bales. Japan has traditionally been the largest importer of India's short staple cotton.

Spot prices for Indian cotton have often been well above official ceilings in recent months as a result of pressures created by this season's smaller crop and the record consumption rate. In an effort to hold prices within official ceilings, the Indian Cotton Mills Federation has required mills to carry no more than a 2-month supply and to pay no more than official ceiling prices. The action has served to lower prices to or near the official ceiling rates. Some farmer cooperatives are reported to be holding cotton off the market in an effort to force prices upward. In mid-March spot prices of Digvijay ⅞-inch cotton, c.i.f Bombay, averaged about 34.8 U.S. cents per pound.

With reduced production and continuing high consumption, stocks on July 31 are expected to decline to 2.1 million bales, compared with beginning season stocks of 2.4 million bales last August 1.

Britain Revising Foodstuff Sweetening Regulations

New soft drink regulations, due to become effective June 2, 1965, may bring a reduction in sugar requirements in Britain. These regulations will permit the use of certain quantities of saccharin and/or cyclamates as sweetening agents in soft drinks.

It is estimated that by using saccharin and cyclamates to replace part of the present sugar needs, the United Kingdom will reduce its sugar purchases by nearly 150,000 tons.

New regulations which would permit the use of cyclamates and saccharin in all foodstuffs are reportedly in the final drafting stages.

U.S. Cocoa Grind Up

U.S. grindings of cocoa beans during January-March 1965 totaled 155.7 million pounds, 4.3 million over those in the same period last year. The total 1964 grind of 587.7 million pounds was the highest since 1950.

Abundant world cocoa supplies and low prices are expected to further stimulate consumption this year. Many chocolate manufacturers are planning to increase their use of chocolate and confectionery products.

The United States is the world's largest importer and processor of cocoa beans.

Drought Reduces South African Sugar Crop

The current drought in South Africa has reportedly dimmed the prospects for 1965-66 (May - April) sugar production. Unofficial estimates for this crop are now 900,000 short tons, raw value, or 40 percent below the record 1964-65 crop of 1.4 million short tons.

The sugarmilling industry of South Africa is in the midst of its largest expansion program involving at least the equivalent of US$42 million. Owing to recent low prices of sugar on the world market, revenue from sugar has been lower than anticipated. The decreased production expected for 1965-66 would reduce income much further.

East Pakistan To Build Four New Jute Mills

Four more jute mills with 250 looms each are to be set up in East Pakistan soon, at a total cost of more than 60.5 million rupees ($1.3 million). This will bring the total number of jute mills in East Pakistan to 36—4 less than the total called for in the Second Five Year Plan, which ends June 30, 1965. Three of the new mills will be in Khulna, and the fourth, in Ghorasal.

Pakistan produces about one-half of the world's supply of jute and is the principal exporter of raw fiber. However, government policy has been directed toward exporting more jute in the form of jute manufactures.

Belgian Flax Output Increases in 1964

Belgian production of flax fiber in 1964 is estimated at 46,400 metric tons (2,205 lb. each), based on an estimated 18-percent yield of fiber from straw. The 1964 output is 17 percent larger than that in 1963, owing primarily to record flax plantings of 96,840 acres and favorable growing conditions.

Prices for flax straw received by growers for the 1964 crop, in U.S. equivalent, ranged from 1.4 to 3.8 cents per pound.

The government continued to pay a subsidy to flax growers of 2,000 francs per hectare (US$16 per acre)—the same as in 1963.

Nigeria To Build Cocoa-Processing Factory

An agreement has recently been concluded between the Nigerian Government and an Italian firm to build a cocoa-processing factory. The new plant is expected to be in full operation by mid-1966 and will have the capacity to process 20,000 long tons of cocoa beans annually.

United Kingdom's Margarine Output

Production of margarine in the United Kingdom during 1964 totaled 338,900 long tons, an increase of 900 tons from the previous year. Production in 1962 amounted to 330,000 tons.

Although the total quantity of oils and fats used last year in margarine manufacture was only marginally higher than in 1963, there were considerable changes in the quantities of each type of oil or fat utilized, or in the

pattern of substitution. During the last 2 years, there has been a marked increase in the use of lard, a decrease in the use of lauric acid oils (coconut and palm kernel), and a switch from whale oil to fish oil.

Of the total oils and fats utilized last year in margarine manufacture, vegetable oils accounted for 37 percent as against 41 percent in 1963. The share for marine oils declined to 34 percent from 38 percent, while that for animal fats rose to 27 percent from 20 percent.

There was a moderate expansion during 1964 in production of margarine blended with butter. Margarine of this type accounted for 15 percent of total margarine production, and 5,100 tons of butter was used for this purpose.

OILS AND FATS UTILIZED IN U.K. MARGARINE MANUFACTURE

Oil or fat [1]	1962	1963	1964
	1,000 long tons	*1,000 long tons*	*1,000 long tons*
Vegetable oils:			
Coconut	23.4	16.1	12.6
Palm kernel	6.0	2.7	1.6
Peanut	18.0	19.7	12.7
Cottonseed	7.1	8.6	4.7
Soybean	24.1	27.0	28.4
Palm	32.2	23.7	30.1
Others	13.4	17.7	14.4
Total	124.2	115.5	104.5
Marine oils:			
Whale (baleen)	45.3	29.5	18.8
Fish and fish liver	58.1	76.7	78.5
Total	103.4	106.2	97.3
Animal fats:			
Lard	41.1	53.4	73.8
Others	1.5	2.2	2.6
Total	42.6	55.6	76.4
Butter	4.8	4.9	5.1
Grand total	265.4	282.2	283.3

[1] Refined basis.
Ministry of Agriculture and Unilever Ltd., the United Kingdom.

Malawi's Production of Tung Nuts

Tung nut production in Malawi (Nyasaland) in 1964-65 is officially estimated at 4,984 short tons, compared with 4,828 in 1963 and 4,431 in 1962.

Production and crushing of tung nuts take place on three large European-owned estates. The entire tung nut output is expressed locally and the oil exported, largely to the United Kingdom and South Africa.

Tung nut production has increased somewhat in recent years; but because of unstable prices in world markets, it may not expand significantly in the next few years. The 1965 crop is currently expected to total about 5,000 tons.

Philippine Exports of Copra and Coconut Oil

Registered exports of copra and coconut oil from the Philippine Republic during the first quarter of 1965, on an oil-equivalent basis, totaled 158,616 long tons. This was virtually the same as the 158,801 exported in January-March 1964.

Coconut oil shipments during the first 3 months, at 17,465 tons, were 41 percent greater than those in January-March 1964 and almost offset the 15-percent decline in copra shipments. Copra shipments in March totaled 54,070 tons compared with 40,643 in February. March coconut oil shipments amounted to 20,605 tons against 19,073 in February.

The copra export price in mid-April was US$215-US$216 per short ton c.i.f. Pacific coast and US$243-US$244 per long ton c.i.f. European ports. Local buying prices were reported at 72.50 to 73.50 pesos per 100 kilograms (US$18.54 to US$18.80) resecada basis Manila, and 64 to 70 pesos (US$16.37 to US$17.90) in producing areas.

PHILIPPINE REGISTERED EXPORTS OF COPRA AND COCONUT OIL

Country and continent of destination	1964 [1]	January-March 1964 [1]	January-March 1965 [1]
Copra:	*Long tons*	*Long tons*	*Long tons*
United States	231,215	28,260	72,350
Europe	518,988	144,289	74,520
South America	26,800	1,000	---
Japan	29,880	5,500	3,500
Other Asia	500	500	500
Middle East	140	140	1,500
Total	807,523	180,229	152,370
Coconut oil:			
United States	182,736	31,154	60,275
Europe	41,286	11,660	824
South Africa	2,251	640	---
Japan	99	---	---
Total	226,372	43,454	61,099

[1] Preliminary.
Associated Steamship Lines Inc., Manila.

Senegal's Peanut Purchases Increase

At the end of the 12th week of the current peanut purchasing season, the Office de Commercialisation Agricole (OCA) of Senegal had purchased 809,270 metric tons of peanuts (unshelled basis) from the 1964-65 crop. This is 6 percent more than the 763,600 tons purchased at the end of the 12th week of the 1963-64 season.

Total commercial production is expected to reach 840,000 tons, compared with 792,475 tons last year.

Mozambique's Exports of Copra and Coconut Oil

Exports of copra and coconut oil from Mozambique during 1964 totaled 35,877 long tons, oil basis, down 7 percent from the 38,758 of 1963. Shipments of copra declined to 43,120 tons from 45,699, and those of coconut oil, to 8,280 from 9,510. Exports of copra cake rose to 5,500 tons from 5,286 in 1963.

Yugoslavia Expected To Import More Soybean Meal

Trade sources report that Yugoslavia may import about 150,000 metric tons of soybean meal in 1965, providing funds are made available for this purpose. This would be substantially larger than the volume imported in 1964 and would supply part of the increased import requirements this year for livestock protein feeds.

Trade representatives also say that importers are planning to buy 20,000 to 30,000 tons of rapeseed, probably from Canada, and that interest has been shown in a barter arrangements for vegetable oils.

Argentine Sunflower Crop Significantly Larger

Argentina's 1964-65 sunflowerseed crop, according to the first official estimate, is placed at 771,600 short tons—the same as that unofficially estimated earlier (*Foreign Agriculture*, March 15, 1965). This estimate is markedly above the 523,600-ton first estimate of a year ago and 52 percent above the 1963-64 final estimate of 507,100 tons.

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This marked gain resulted from substantial acreage expansion as well as above-average yields, reflecting improved growing conditions. The crop is usually planted during October-December and harvested March-June.

Chile Has Another Record Fruit Pack

Final estimates place Chile's 1963 canned fruit pack at a record 903,000 cases (24/2½ basis). Peaches reached a high of 575,000 cases, while preserves accounted for 144,000 cases and other fruits 184,000.

Preliminary data indicate that the 1964 pack may have totaled 1.1 million cases—197,000 cases above the record 1963 pack. Reportedly peaches will approximate 705,000 cases—up 130,000 from 1963. Preserves are estimated at 167,000 cases and other fruits at 226,000—significantly higher than the corresponding 1963 production.

U.S. Exhibits This Fall in Europe

(Continued from page 9)

Cologne and Brussels, as leading commercial centers in two key European food-importing countries, provide ideal settings for introducing new food products and promoting items already enjoying a big demand, such as breakfast cereals, canned fruit, soybean oil, packaged rice, and turkeys.

The economies of both West Germany and Belgium are on the upswing; individual incomes are rising, and consumers are buying high-quality, convenience-type foods. The number of self-service food stores is increasing, too. Of 185,000 West German food stores, nearly 50,000 are self-service and more than 1,000 are supermarkets; about 100,000 German food stores merchandise frozen foods.

The percentage of full- or part-time working women is increasing in Germany and Belgium and as a consequence, their interest in convenience foods, also. These women tend to shop at the larger "one-stop" food stores because they can fill their food needs quickly and also enjoy wide selections of processed and packaged foods.

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